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Chain Store Age

GENERAL MERCHANDISE TRENDS

MARCH 1987

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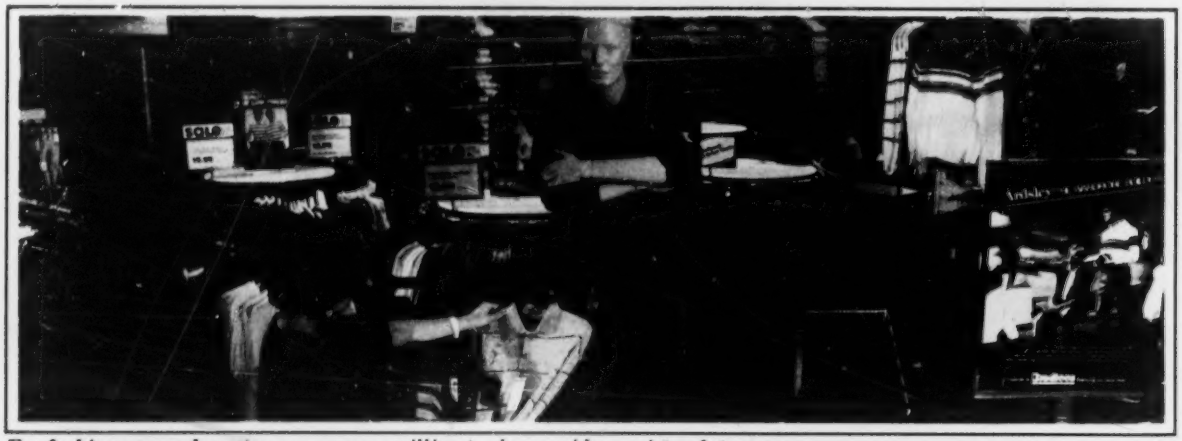
DISCOUNT STORE FASHION: AN EMERGING FORCE

Jaclyn Smith opens doors for K mart

TWO DOLLARS PER ISSUE

CONTENTS

March 1987



For fashion apparel, customers are now willing to shop a wider variety of stores *11*

CSA Value III Study

No more qualms about apparel at a discounter 11

MarkeTrends

VCRs, videotape hot, TVs not 18
Consumer Electronics: What is the future of aftermarket car audio? 23
Housewares: Features: a pressing topic in steam irons 28
Youth recognizes Black & Decker 29
Home Textiles: Cross-merchandising moves bath rugs 31

Home Exercise & Health Care

Profile of two families: Right credentials but no sale 34
Home Exercise: The bottom line is commitment 35
Aerobics spur ankle/wrist weights sales 36
Home Health Care: Market shows considerable growth 39

Consumer Electronics

Rethinking electronics at B. Altman's 43

Stationery

Party Goods: The life of the party 47

Photo/Camera

K mart: first place photo finish 48

Hardware

Home security systems now D-I-Y 50

Home Textiles

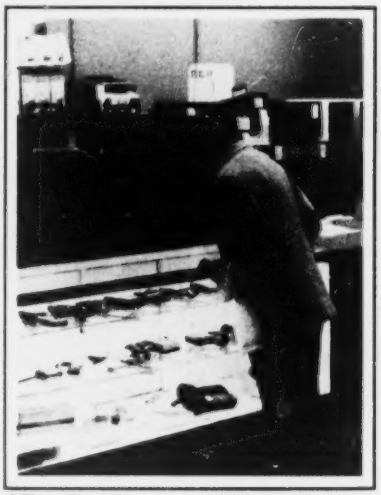
A kids' craze could start with a pillow 52

Toys/Licensing

Electric guns stun retailers 54

Financial News

. 58



CE at B. Altman's *43*

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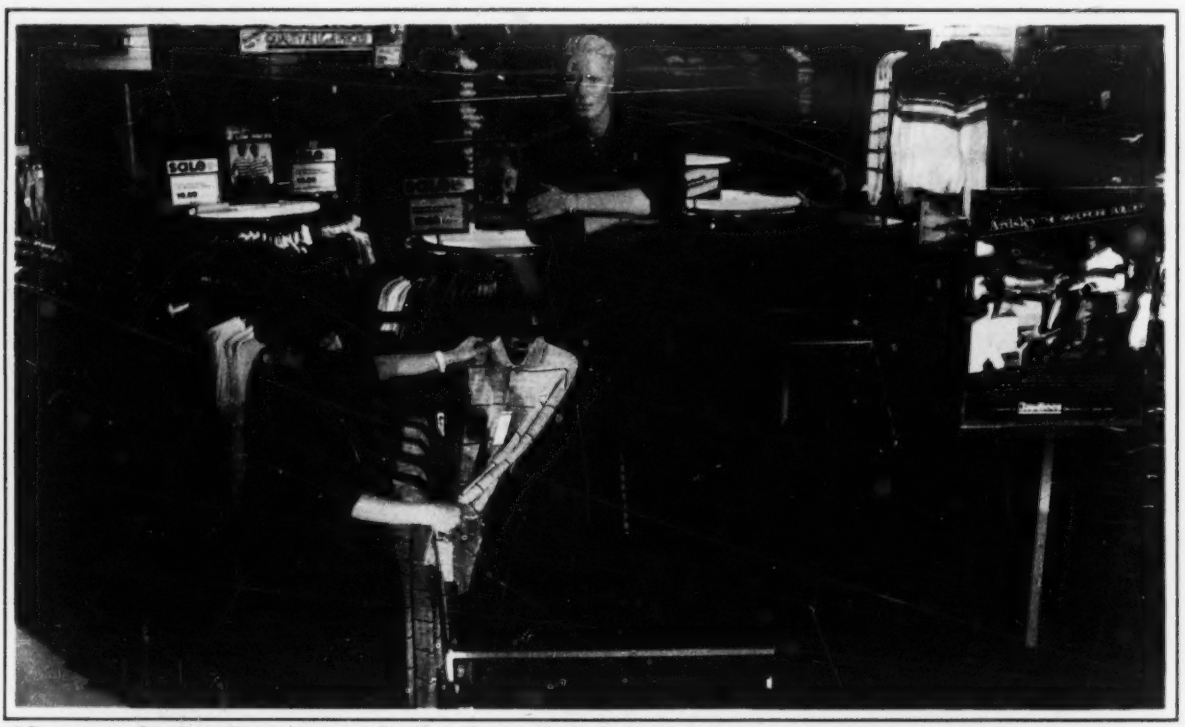
NO MORE QUALMS ABOUT APPAREL AT A DISCOUNTER

While discount outlets are not completely replacing department stores in the fight for the fashion dollar, customers are now willing to shop a wider variety of stores.



After years of trying, *discounters are finally gaining a foothold in the fashion merchandise business.*

When actress Jaclyn Smith went shopping with her son at a California K mart recently, her presence in the store caused such a stir that someone even called the local newspaper.

But the former "Charlie's Angel," whose name now adorns a highly successful line of K mart apparel, is not the only fashion customer shopping at a discount store these days. After years of trying, discounters are finally gaining a foothold in the fashion merchandise business.

Results of the third annual *Chain Store Age* study of Value reveal that discount stores have become an important—and growing—contender for "looks" merchandise.

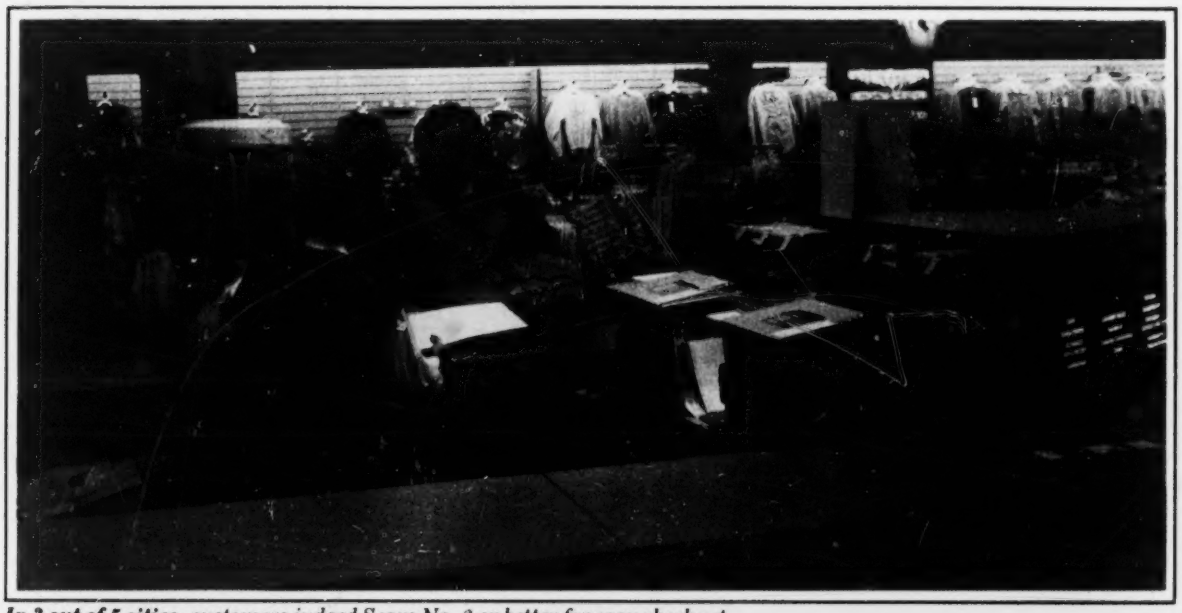
While discount outlets are not completely replacing department stores in the fight for the fashion dollar, customers are now willing to shop a wider variety of stores and to buy from a wider spectrum of retail formats. Discount stores are the prime beneficiary—and they are doing it without sacrificing their traditional low price image.

In the five markets *Chain Store Age* studied—Indianapolis, Kansas City, New Orleans, San Francisco and Washington, D.C.—the 1,259 households surveyed provided ample proof that K mart's success in blending fashion and discounting is no fluke.

Across the board—whether it is K mart, Bradlees, Target, Venture, Wal-Mart or Zayre—customers are giving discount stores higher marks for fashion and looks. Increasingly, too, customers are naming a discount store as the retail outlet providing the best value for both men's and women's apparel.

And when the distinctions between discount and department stores are blurred, as with Dayton Hudson's hybrid Mervyn's promotional department store division, the results are even more astounding.

Customers in Mervyn's home market of San Francisco rank the chain second only to Macy's as the



In 3 out of 5 cities, *customers judged Sears No. 3 or better for easy checkout.*

In San Francisco which store has . . . ?

	Sears	Penney	Ward	Macy's	Emporium Capwell	Nordstrom's	Saks	I. Magnin	K mart	Mervyn's	Price Club	Marshall's
Best value for money	8.9	7.7	2.1	17.0	8.3	4.3	—	0.6	5.2	13.1	—	3.0
Good service	7.7	6.7	2.5	24.5	6.0	16.4	0.3	1.5	0.9	8.2	—	1.0
Knowledgeable saleshelp	5.5	6.8	3.3	22.2	5.7	15.2	0.3	2.4	1.2	4.0	—	1.3
Always find what I want	8.3	5.4	1.2	24.7	10.4	4.9	—	0.3	3.1	8.2	—	0.6
Good everyday prices	9.9	10.4	1.9	15.5	7.9	1.2	—	—	6.7	16.4	0.3	2.8
Big selection	11.4	4.3	1.5	36.1	12.2	5.1	—	—	4.0	6.1	0.3	0.3
Best return policy	16.3	4.3	1.6	25.1	5.5	8.9	—	0.6	2.4	10.3	—	0.9
Easy to get to	9.6	6.4	2.8	26.2	10.6	3.7	—	1.2	5.2	8.5	—	2.7
Good advertising	7.3	4.5	1.2	35.3	11.2	2.1	0.3	2.2	5.2	11.3	—	0.9
Great sales	7.9	5.5	2.7	24.9	7.6	3.0	—	0.9	6.5	16.2	—	1.2
Most enjoyable shopping experience	4.2	6.1	1.2	25.4	9.1	10.9	—	2.5	4.2	8.5	—	1.3
Fashions and looks I want	2.5	3.1	1.8	27.2	12.3	11.9	1.0	4.0	1.5	9.5	—	0.9
Quality merchandise	5.8	5.5	1.2	33.5	11.0	12.1	0.6	3.3	1.8	4.0	—	1.3
Easy checkout	5.9	3.9	1.8	24.0	10.6	7.5	—	1.2	4.9	8.2	—	1.2

Source: *Chain Store Age*/Leo J. Shapiro & Associates

best value for women's apparel. In men's apparel, Mervyn's keeps some pretty classy company, finishing third behind Macy's and Emporium Capwell.

Chain Store Age based the value ratings on random telephone interviews conducted by Leo J. Shapiro & Associates in November 1986. In each market some 250 households responded. Women comprised 61% of the sample.

Consumers judged retailers in two ways. First, they named a retailer who provided the best value for each of 14 attributes, such as good everyday prices, knowledgeable saleshelp, and for carrying the "fashions and looks I want."

Next, respondents chose the one store that delivered the best value for each of 14 merchandise departments, including home electronics, housewares, and men's and women's apparel.

For each attribute and merchandise department a ranking was given to every store named. The total for the 28 rankings determined the best of the field in each market.

In 3 of the 5 markets—Indianapolis, New Orleans and Washington, D.C.—the top honors went to Sears. When the catalog giant did not take first place, the honor went to a department store. Macy's copped the top spot in San Francisco. The Jones Co. finished first in Kansas City.

New thoughts: Though department stores and Sears still garner the highest marks from customers, the study reveals that the customer is beginning to rethink where she shops and why. The survey's most significant results indicate that she now has fewer qualms about buying all lines of merchandise—but particularly fashion merchandise—at a discounter.

When asked to name a store

which has the "fashions and looks I want," about 1 in 11 customers now picks a discount store. For the last two years, the number remained steady at 1 in 15. Who provides the best value for apparel? For 12.9% of families in the study, it is a discount store once again. A year ago it was 10.9%.

At the same time that discount stores are developing an image which includes fashion, they are holding onto their traditional strong points. Compared to the results in last year's study, an equal number of customers cite discounters for attributes such as "good everyday prices," or "great sales" or "value for your money."

And the shift in attitude is coming from exactly the customer most retailers covet: a woman under 35 years old. While her mother may have been lukewarm to K mart's effort to create a fashion image with Loretta Lynn some years back, the younger woman has a more open mind as to where to shop for fashion merchandise. Jaclyn Smith will do just fine for her.

In fact, almost all of the change in customer attitude about discount stores can be attributed to a shift in what women think. A year ago, the average woman would have had to ask 18 of her friends before she found another who thought that a discount store was the best place to find fashion. This year, she would need to search out only 10 women before finding someone who agrees.

Though discount stores are fast gaining ground, the average customer still would not have much trouble finding fans of department stores, or of Sears, Penney and Ward. Just about half (50.6%) of all respondents name a department store as the best place to find fashion. Another 13.6% cite Sears, Penney or Ward.

However, the strength of the department stores and the Big 3 may be illusary. The department store's iron grip on the fashion business is loosening, if ever so slightly. In last year's survey 6.2% more families named one of the department stores as the best place to find fashion. Both Sears and Ward get fashion scores about equal to last year's, while J. C. Penney records a slight uptick.

Major changes: What is going on in fashion is only the first tilt in what is a fundamental shift in how customers view stores and where they shop. The study reveals that customers, while not ready to abandon department stores or the Big 3, are nonetheless flirting with shopping a wider variety of retail formats than ever before.

Compared to a year ago, more families are shopping variety stores, specialty apparel outlets, catalog showrooms, factory outlets, off-price apparel outlets and by mail order. Slightly fewer households report visiting a department store.

The change in shopping patterns is making its mark in how customers think about the stores they shop. For the 14 store attributes in the survey, department stores post declines in positive customer mentions for all 14 in this year's poll compared to last year's study.

For the 14 merchandise departments in the study, department stores record declines in positive mentions for 13. Discount stores, on the other hand, score increases for 10 of the 14 attributes and 2 of the 14 merchandise departments. In addition, more customer kudos are going to specialty stores of every shape and size, and to the catchall "other" category.

Even in the San Francisco market, where Macy's makes an impressive first place finish, the customer's new attitude is still apparent. Macy's scores first for 13 of the 14 store attributes in the study and for 11 of the 14 merchandise departments.

But there is a chink in the armor. Bay Area families tend to think of Macy's and its major department store rival, Emporium Capwell, in much the same way. The only difference is that they like Macy's more.

Both San Francisco department stores get their highest grades for quality merchandise, wide assortments, good advertising and fashion. Customers give lower marks to the two for attributes such as low everyday prices and sales.

Mervyn's, however, is filling a niche which the department stores' weak price reputation has opened. When customers in San Francisco think of Mervyn's, they give it a high fashion rating like a department store, but a low-price reputation like a discount store.

And just as the Macy's and Empo-

In San Francisco which store has the best value for . . . ?

	Sears	Penney	Ward	Macy's	Emporium Capwell	Nordstrom's	Saks	I. Magnin	K mart	Mervyn's	Price Club	Marshall's
Sporting goods	10.1	4.6	2.2	4.8	2.2	1.0	—	0.3	7.0	0.6	0.7	0.3
Stationery	2.2	2.1	0.7	8.9	3.3	0.3	—	1.5	5.9	1.2	0.3	—
Men's wear	6.5	7.0	1.5	24.1	12.5	5.8	1.0	—	0.9	11.2	—	1.3
Cosmetics	0.9	1.6	1.0	25.9	9.1	3.7	0.9	3.9	1.2	2.1	—	—
Home textiles	8.2	9.8	1.5	25.1	13.2	1.0	—	—	3.1	19.5	0.3	0.9
Small electric housewares	12.2	6.8	3.6	17.6	9.1	—	—	—	7.9	0.9	2.5	—
Nonelectric housewares	8.5	7.0	2.5	29.6	12.2	—	—	—	6.1	5.7	1.0	0.7
Children's wear	5.1	12.9	0.9	14.4	4.3	1.0	—	0.3	7.0	17.6	1.0	1.6
Photo/camera	3.1	1.9	0.3	11.6	4.3	—	—	0.3	7.1	0.9	0.3	—
Furniture	9.8	4.9	4.0	11.3	4.0	—	—	—	—	0.3	—	—
Home furnishings	11.5	12.6	4.2	16.1	6.1	—	—	—	2.1	2.4	0.3	0.3
Women's wear	1.2	5.1	1.9	28.4	7.6	8.2	0.6	3.4	1.9	10.9	0.3	2.5
Consumer electronics	8.3	2.4	2.2	16.4	3.6	—	—	—	2.8	1.2	—	—
Toys	4.6	4.3	1.0	2.5	2.4	0.6	—	0.7	4.0	3.1	0.7	—

Source: *Chain Store Age*/Leo J. Shapiro & Associates

In Washington, D.C., which store has . . . ?

	Sears	Penney	Ward	Hecht's	Woodward & Lothrop	Bloomingdale's	Lord & Taylor	K mart	Zayre	Bradlees	Caldor	T.J. Maxx
Best value for money	18.1	5.9	2.1	13.9	10.0	1.1	1.5	7.4	4.4	5.1	0.3	1.7
Good service	12.5	4.4	3.5	12.9	11.7	3.3	3.6	1.8	4.2	4.7	0.3	0.3
Knowledgeable salesclerks	8.8	4.1	2.4	9.7	12.4	3.0	4.6	1.4	3.0	1.8	—	0.3
Always find what I want	13.3	4.4	2.6	11.0	13.8	3.5	2.1	2.6	4.1	3.8	0.3	—
Good everyday prices	16.0	3.9	3.0	10.3	7.4	1.5	0.9	10.4	5.9	8.9	0.3	1.5
Big selection	21.7	5.5	3.0	16.0	14.6	6.5	2.9	4.5	3.0	3.8	—	0.6
Best return policy	19.5	6.5	2.7	8.2	12.6	1.8	2.7	3.6	4.8	2.1	0.3	0.9
Easy to get to	9.4	3.6	6.2	11.5	14.2	1.4	2.3	6.8	3.2	8.0	0.3	0.3
Good advertising	12.5	1.5	1.5	12.4	16.5	2.9	2.1	6.2	6.1	6.7	—	—
Great sales	9.2	2.1	1.7	16.7	13.8	1.2	2.6	8.3	7.6	5.9	0.3	0.9
Most enjoyable shopping experience	5.1	5.5	1.7	10.0	17.1	5.9	3.8	3.9	2.9	5.3	—	0.9
Fashions and looks I want	5.3	4.8	1.7	12.6	16.2	5.3	6.4	0.9	0.9	1.8	—	0.3
Quality merchandise	11.6	5.8	2.6	13.8	19.4	5.7	4.9	0.9	1.7	3.3	—	—
Easy checkout	12.4	5.3	2.1	8.8	9.9	2.3	3.0	2.4	4.1	5.3	0.3	0.9

Source: *Chain Store Age*/Leo J. Shapiro & Associates

rium Capwell customer thinks that she must give up low price for fashion, the Mervyn's customer looks willing to give up just a little bit of quality to get both fashion and price.

In some cases, price is the name of the game. Though respondents in the study were specifically instructed not to include stores which sell food in their answers, some still could not help but to mention the Price Club.

With only one San Francisco location, the warehouse club still managed to get a vote or two for its good everyday prices and big selection of goods. The Price Club grabbed its biggest victory in small electric housewares, where its share rivaled Montgomery Ward's.

Capital gains: If the San Francisco market illustrates the customer's willingness to explore new retail formats, the Washington, D.C., market reveals what happens when still another format—in this case, an electronics superstore—moves into the neighborhood.

For Bay Area retailers, the Washington, D.C., illustration is no mere academic exercise. Circuit City is set for a San Francisco entry this fall. Based on the Washington, D.C., model, Macy's should get ready to fend off some pretty heavy competition.

When asked to name a store that provides the best value for home electronics, 17.2% of customers in the capital name Circuit City. The superstore's first place rating is about equal to the total for Sears, Penney, Ward and Hecht's combined.

Just as customers have flocked to other dominant retailers, such as Toys "R" Us for toys, given an aggressive superstore in home electronics, they look equally willing to turn the business over to the specialist.

Washington, D.C., also provides an example of a successful market entry by Bradless. Customers give the discount chain higher marks than K mart, Zayre or Caldor. Bradlees shows particular strength in housewares, domestics and apparel over its discount rivals.

In Washington, D.C., which store has the best value for . . . ?

	Sears	Penney	Ward	Hecht's	Woodward & Lothrop	Bloomingdale's	Lord & Taylor	K mart	Zayre	Bradlees	Caldor	T.J. Maxx
Sporting goods	10.7	2.1	2.4	2.6	2.1	0.3	0.3	5.5	3.2	1.8	0.3	—
Stationery	3.9	0.9	1.1	4.1	3.0	2.3	—	5.1	2.1	3.2	0.3	—
Men's wear	12.5	5.8	1.5	16.6	9.5	1.8	2.0	1.8	0.9	2.3	—	0.6
Cosmetics	3.0	2.7	1.4	5.6	14.1	2.9	3.0	3.3	1.1	2.6	—	—
Home textiles	12.5	5.1	4.1	20.3	10.6	4.2	0.6	4.8	3.6	6.1	0.3	0.3
Small electric housewares	12.8	3.0	2.1	5.8	3.5	1.7	—	6.5	6.7	7.3	0.3	—
Nonelectric housewares	10.0	2.6	3.0	11.2	6.7	2.6	—	6.5	5.3	8.5	0.6	—
Children's wear	13.9	5.6	2.4	7.7	5.3	1.7	1.7	2.9	3.2	2.9	—	—
Photo/camera	8.6	2.1	2.3	2.9	1.1	0.6	—	5.0	1.5	2.4	—	—
Furniture	9.4	1.2	5.7	6.8	5.9	1.2	—	—	0.6	0.3	—	—
Home furnishings	14.5	6.5	6.1	10.9	6.5	1.7	—	1.8	4.5	3.0	—	—
Women's wear	5.4	4.2	2.9	12.7	17.4	2.0	3.0	1.5	1.7	2.4	—	1.2
Consumer electronics	10.4	1.2	4.5	5.1	3.5	0.3	—	1.4	3.2	2.6	—	—
Toys	3.6	—	0.6	0.9	1.5	—	—	3.3	4.4	2.9	—	—

Source: *Chain Store Age*/Leo J. Shapiro & Associates

In New Orleans which store has . . . ?

	Sears	Penney	D. H. Holmes	Maison Blanche	Krauss	Macy's	Godchaux	K mart	Wal-Mart	Zayre	Mervyn's	Sam's
Best value for money	15.9	7.9	16.9	8.4	2.6	0.3	1.1	6.8	10.6	3.8	0.6	—
Good service	19.3	5.9	22.9	9.9	1.8	1.5	1.2	3.2	7.1	3.8	0.3	0.3
Knowledgeable salesheip	14.1	6.5	22.2	11.3	2.3	1.2	1.2	4.4	5.5	1.5	1.2	0.3
Always find what I want	19.0	7.1	17.9	7.7	1.8	1.2	0.3	7.7	6.8	3.5	0.3	1.1
Good everyday prices	16.2	6.1	12.8	9.3	1.5	0.3	—	10.5	14.6	6.5	0.6	0.3
Big selection	19.7	6.7	24.0	11.1	1.5	2.3	—	4.4	9.9	3.8	0.6	0.3
Best return policy	22.3	5.5	33.1	7.0	2.0	—	0.6	5.5	5.2	2.9	0.3	—
Easy to get to	11.7	6.5	21.1	11.2	2.4	0.9	—	6.2	8.9	6.7	0.3	—
Good advertising	15.5	6.7	13.2	10.5	2.3	3.6	—	7.6	7.3	7.0	0.9	—
Great sales	14.7	7.4	12.2	11.8	1.2	1.2	0.3	7.0	12.1	7.6	0.6	0.3
Most enjoyable shopping experience	10.0	5.0	22.9	11.7	0.9	4.4	0.6	3.5	8.3	2.3	0.6	—
Fashions and looks I want	9.1	6.1	25.3	12.9	1.2	4.1	1.2	3.6	2.6	2.0	0.3	—
Quality merchandise	15.6	7.0	27.8	12.3	1.5	4.1	0.9	5.9	5.0	0.3	0.3	—
Easy checkout	16.7	6.4	17.3	10.5	3.2	1.8	0.9	6.1	7.6	6.5	0.3	0.3

Source: *Chain Store Age*/Leo J. Shapiro & Associates

New Orleans provides a disturbing example of what can happen when new retailers and new retail formats enter a market—especially one that is probably overstored, considering the area's current financial woes.

Home grown Godchaux, which entered Chapter 11 a year ago and finally decided to liquidate its stock and shutter its doors last month, was probably the victim of too many competitors in too weak a market.

As the study's results reveal, Godchaux just could not hold its own against the onslaught of new retailers and new retail formats. Macy's and Saks Fifth Avenue, both newcomers to New Orleans, picked up better scores from customers than the 147-year-old native retailer.

Even Zayre, which operates out of 11 former Gaylord's locations in the market, picked up more votes for fashion. Mervyn's, with only two suburban sites, ran neck-to-neck with Godchaux in most categories.

What really delivered the death blow, however, was an economy too dependent upon oil that could not support Godchaux along with D. H. Holmes, Maison Blanche and Krauss, no less the successful entries of both Macy's and Saks Fifth Avenue.

Keeping up with . . . : A market analysis of Kansas City, however, shows that retailers willing and able to make adjustments to a changing climate can reap the rewards.

While The Jones Co. thoroughly dominates the Kansas City market, scoring first for all 14 store attributes and first or second for 9 of the 14 merchandise departments in the study, the interesting result is who comes in second—J. C. Penney.

Penney learned the hard way the perils of upscaling beyond its customer, but has successfully refined its mix to take advantage of the emerging open niche for moderate fashion apparel.

Kansas City provides an excellent example of what is happening nationally for the cataloger. Of the Big 3, Penney is the only one posting gains in customer value votes in

In New Orleans, which store has the best value for . . . ?

	Sears	Penney	D. H. Holmes	Maison Blanche	Krauss	Macy's	Godchaux	K mart	Wal-Mart	Zayre	Mervyn's	Sam's
Sporting goods	21.7	1.8	2.9	3.5	—	2.1	0.3	6.5	5.5	1.4	0.6	0.3
Stationery	6.5	2.3	13.6	3.7	0.6	0.3	0.3	19.3	4.6	4.2	0.3	0.3
Men's wear	13.4	11.5	22.5	7.6	1.4	1.7	1.5	3.5	1.2	1.4	0.6	—
Cosmetics	3.0	3.6	29.6	8.7	0.9	0.9	1.2	3.6	3.8	1.2	0.6	—
Home textiles	28.7	15.3	11.7	5.0	2.7	0.6	0.3	6.3	4.0	7.0	0.6	—
Small electric housewares	27.3	4.6	10.3	3.5	0.9	0.3	—	13.3	7.7	5.6	0.3	0.3
Nonelectric housewares	20.3	7.1	17.3	5.8	3.0	—	0.6	7.4	6.4	6.3	—	0.3
Children's wear	21.9	14.6	14.6	5.6	0.9	0.3	0.9	6.1	1.8	2.9	1.2	—
Photo/camera	18.5	3.2	2.9	0.9	1.1	0.3	0.3	9.4	2.3	1.4	—	0.6
Furniture	17.3	1.1	11.7	2.0	2.6	0.3	—	0.8	0.8	0.3	—	—
Home furnishings	25.2	7.9	15.8	4.4	2.1	0.3	—	3.0	3.8	1.8	—	1.8
Women's wear	8.4	10.3	25.8	10.9	1.2	2.0	1.2	2.4	2.3	1.5	—	—
Consumer electronics	25.3	1.2	5.6	0.9	0.6	1.4	—	4.2	3.5	0.9	—	0.6
Toys	16.2	1.2	3.8	0.3	0.9	0.3	—	8.0	7.4	2.7	0.6	—

Source: *Chain Store Age*/Leo J. Shapiro & Associates

In Kansas City, which store has . . . ?

	Sears	Penney	Ward	Jones	Macy's	Dillard's	K mart	Wal-Mart	Venture	Sam's	Best Products	Service Merchandise
Best value for money	11.5	10.3	5.4	21.6	2.3	4.8	5.9	12.0	5.0	0.3	2.2	—
Good service	11.8	10.1	6.7	23.5	0.8	8.2	4.2	5.6	1.7	—	0.8	—
Knowledgeable salesheip	12.1	11.1	3.6	20.5	—	10.1	2.8	2.5	1.7	—	0.6	—
Always find what I want	9.9	7.0	6.2	20.8	3.1	8.5	4.4	7.8	5.3	—	1.1	—
Good everyday prices	6.1	8.5	5.3	21.0	6.8	3.7	11.8	15.6	7.9	—	1.1	—
Big selection	13.8	9.8	7.3	24.4	1.5	12.0	5.4	8.9	4.2	—	1.9	—
Best return policy	15.2	9.0	8.5	19.0	—	4.7	7.5	6.2	4.8	—	2.3	—
Easy to get to	6.2	11.7	7.6	23.1	—	9.5	12.9	7.8	5.4	0.3	1.1	—
Good advertising	6.6	9.5	3.6	27.8	—	10.2	7.6	6.2	7.5	—	2.6	—
Great sales	4.5	7.9	5.1	32.0	—	5.7	6.2	8.1	8.5	—	2.3	—
Most enjoyable shopping experience	4.2	8.7	4.2	25.6	2.6	13.8	3.7	5.4	5.3	0.8	0.3	—
Fashions and looks I want	3.1	8.2	3.7	25.3	2.6	19.2	1.9	2.2	2.3	—	—	—
Quality merchandise	11.6	9.2	4.3	25.0	2.2	16.5	0.3	2.8	2.0	—	2.3	—
Easy checkout	7.8	10.7	9.5	18.8	1.1	11.6	7.6	6.1	4.7	—	1.1	—

Source: *Chain Store Age*/Leo J. Shapiro & Associates

just about every category.

For fashion and looks, Penney scores right behind The Jones Co. and Dillard's in Kansas City, beating out Macy's and the rest of the field. In men's apparel, customers rank Penney second only to The Jones Co. as the best value. For women's apparel, Penney follows just The Jones Co. and Dillard's.

At the same time, Penney manages a rating for great sales that is only slightly behind Wal-Mart and which actually beats K mart. Like Mervyn's in the San Francisco market, Penney is gaining a customer perception that includes the best of both worlds—low price and fashion.

Perhaps few markets are more driven by price and discounting than is Indianapolis. With K mart, Target, Zayre and Wal-Mart all operating there, Indianapolis provides an opportunity to discover how the big chains stack up against each other.

With a limited presence for Wal-Mart, and with Zayre running third, the interesting comparisons are between K mart and Target. For one, it shows just how far K mart has come in upscaling when compared to the discount chain that many credit with starting it. In the Indianapolis horse race, who wins depends upon how the votes are counted.

For the store attributes in the study, K mart is the clear winner. While Target gets a nod from customers for easy checkout, and the two chains tie on big selection, K mart pulls in more votes for every other attribute.

When customers are queried on the best merchandise departments, however, Target is the clear winner. K mart manages more votes for sporting goods, children's apparel, photo/camera and furniture, but Target sweeps the rest of the field.

In many ways, what is signficant is that customers have trouble distinguishing the two discounters. Both get high marks for low prices and good advertising. Their weaknesses—knowledgeable sales help,

In Kansas City, which store has the best value for . . . ?

	Sears	Penney	Ward	Jones	Macy's	Dillard's	K mart	Wal-Mart	Venture	Sam's	Best Products	Service Merchandise
Sporting goods	11.6	7.8	5.9	5.4	—	1.9	11.8	6.4	3.3	0.8	2.8	0.6
Stationery	0.9	2.3	2.0	8.2	—	3.6	11.0	8.1	5.3	—	—	—
Men's wear	6.7	13.0	5.0	24.1	1.1	9.0	1.9	2.2	2.0	—	—	—
Cosmetics	1.7	4.3	0.6	22.5	1.1	13.4	5.8	3.1	3.4	—	—	—
Home textiles	13.0	17.2	3.1	22.7	1.9	10.7	8.1	10.1	5.0	—	0.8	—
Small electric housewares	12.4	7.1	7.8	9.3	—	3.3	12.1	11.2	8.2	—	14.3	1.2
Nonelectric housewares	7.6	8.1	5.1	14.8	0.3	5.6	9.8	9.3	10.7	—	5.1	0.3
Children's wear	8.7	16.2	5.0	14.9	—	6.8	7.8	5.3	6.4	—	—	—
Photo/camera	5.3	6.2	8.2	2.3	—	—	13.4	3.9	5.3	0.8	8.8	1.2
Furniture	9.9	9.7	7.8	13.4	—	3.9	0.6	0.3	1.1	—	—	—
Home furnishings	10.3	16.3	5.8	16.7	0.8	7.4	5.1	2.5	4.2	—	1.5	0.3
Women's wear	4.3	10.9	2.2	31.9	1.1	12.9	2.2	1.2	2.3	—	—	—
Consumer electronics	8.5	8.7	8.8	3.1	—	2.0	6.1	4.7	2.2	—	5.9	1.6
Toys	3.4	3.1	5.4	1.9	—	1.1	13.4	9.8	5.6	—	5.3	0.3

Source: *Chain Store Age*/Leo J. Shapiro & Associates

In Indianapolis, which store has . . . ?

	Sears	Penney	L. S. Ayres	Lazarus	W. H. Block	Kohl's	K mart	Target	Zayre	Wal-Mart	T.J. Maxx	Levinson's
Best value for money	16.3	13.2	11.1	5.2	4.4	1.8	14.0	9.9	2.8	2.8	1.7	1.5
Good service	16.3	10.2	18.3	7.5	7.5	0.9	9.1	4.7	2.9	1.7	0.6	1.1
Knowledgeable saleshelp	16.1	9.6	16.9	9.8	6.4	0.9	5.7	2.1	3.8	0.6	0.3	1.5
Always find what I want	12.5	8.8	16.0	6.1	5.9	1.2	12.2	7.6	4.0	1.7	0.3	1.5
Good everyday prices	9.8	10.7	6.7	5.0	5.3	1.8	17.8	17.5	5.8	3.8	2.4	—
Big selection	22.5	7.8	18.3	5.2	7.6	1.7	10.7	10.7	4.1	0.9	0.3	—
Best return policy	15.3	10.1	16.8	4.4	5.6	0.6	12.6	7.2	3.0	2.0	1.4	0.8
Easy to get to	11.0	7.2	15.2	4.9	7.3	1.2	16.9	8.4	6.4	3.8	—	0.8
Good advertising	16.0	7.0	14.5	7.0	8.8	0.6	14.3	11.3	4.0	2.4	—	—
Great sales	13.7	9.9	13.0	6.0	7.9	0.9	13.0	10.1	4.4	1.7	1.4	—
Most enjoyable shopping experience	11.3	9.8	18.3	8.1	9.0	0.6	12.5	8.7	3.2	1.7	0.9	0.8
Fashions and looks I want	10.2	8.5	22.6	10.2	8.1	1.2	5.2	3.8	2.1	0.9	0.9	1.5
Quality merchandise	15.1	12.5	22.3	9.9	8.8	0.9	5.9	4.6	1.6	0.9	1.4	1.5
Easy checkout	10.8	9.6	13.7	8.2	6.5	2.0	7.9	11.3	6.3	3.2	0.9	1.5

Source: *Chain Store Age/Leo J. Shapiro & Associates*

fashion, and quality goods—are judged the same, too.

And neither chain seems to have distinguished itself with a power department. Small electrics and nonelectric housewares are considered the best departments in both stores. Target, however, gets a nod for its stationery department, while K mart scores better in sporting goods and photo.

Indianapolis customers have the same trouble making distinctions among their major department stores. Though they express a clear preference for L. S. Ayres over both Lazarus and W. H. Block, customers tend to think of the three as not really being that different from each other.

All three department stores get their highest grades for attributes such as quality goods, fashion and how much customers enjoy shopping there. Men's and women's apparel, in addition to domestics, are judged the top departments for each.

Dinosaurs?: The Indianapolis results are no different from the other four markets in the study. Once again, they raise the question: Are department stores undermarketing themselves into retail extinction?

Probably not. The study provides ample evidence that department stores are still the top valued retail format. However, the survey results also indicate the department stores are just as clearly under an attack which is whittling away at their lead.

Fewer customers shopped department stores last year. Instead, customers made more shopping trips to virtually every kind of specialty store—and they liked what they found. Toys "R" Us swamped the field in every market for toys. Circuit City ran away with the top value rating for electronics in Washington, D.C. And while specialty store marks jumped, department store ratings fell.

But most importantly, last year customers discovered fashion, the heaviest marketing weapon in the department store arsenal, at discount stores. □

—Rick Gallagher

In Indianapolis, which store has the best value for . . . ?

	Sears	Penney	L. S. Ayres	Lazarus	W. H. Block	Kohl's	K mart	Target	Zayre	Wal-Mart	T. J. Maxx	Levinson's
Sporting goods	10.1	5.7	2.4	1.2	1.6	2.1	13.3	9.0	2.6	2.4	—	—
Stationery	4.1	2.0	6.3	1.2	1.2	1.2	11.6	13.9	3.7	2.4	—	0.3
Men's wear	14.6	13.1	16.9	8.1	8.1	0.9	6.3	6.9	2.0	0.3	0.9	2.6
Cosmetics	4.7	4.3	19.1	5.3	3.7	0.3	5.8	9.3	2.3	1.2	—	—
Home textiles	11.9	16.0	17.2	8.3	6.7	0.6	11.3	11.9	4.4	1.2	1.1	—
Small electric housewares	15.7	3.0	4.7	3.4	2.9	0.9	14.9	16.8	7.2	3.0	—	—
Nonelectric housewares	7.6	9.5	10.7	3.5	3.5	0.9	13.6	16.5	6.9	2.0	0.3	—
Children's wear	15.8	10.8	5.0	4.0	2.4	0.9	13.0	7.2	3.2	1.2	1.2	—
Photo/camera	7.9	3.8	2.1	1.4	0.9	0.3	13.3	8.4	2.6	1.7	—	—
Furniture	16.5	7.8	8.7	4.1	2.9	—	1.2	0.6	0.3	0.6	—	—
Home furnishings	17.2	11.6	9.3	5.9	3.1	0.3	6.1	8.4	2.6	1.1	—	—
Women's wear	6.3	9.5	19.1	8.1	7.3	0.3	4.9	5.9	1.2	0.6	1.7	—
Consumer electronics	9.6	4.8	3.4	0.9	2.4	—	5.0	7.8	3.2	—	—	—
Toys	5.2	1.2	1.2	0.6	1.7	0.3	11.4	12.1	2.1	4.9	0.8	—

Source: *Chain Store Age/Leo J. Shapiro & Associates*

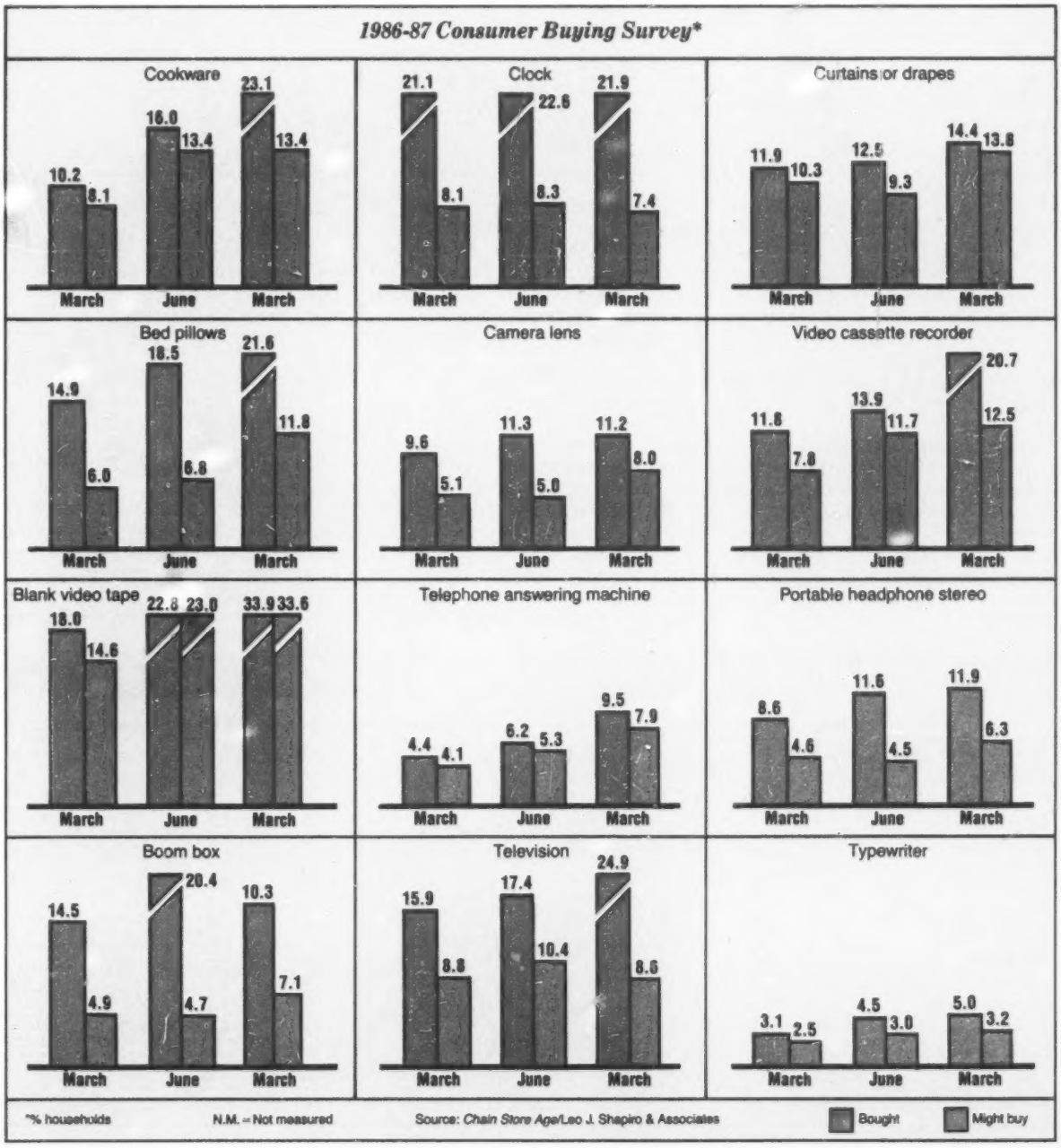
VCRs, videotape hot, TVs not

How big is the VCR market? Still big and still growing, according to *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends research. In the last 12 months, more families bought a video cassette recorder than bought more prosaic categories, such as curtains and drapes. Only slightly more households bought a clock last year.

In the latest MarkeTrends survey, about 1 in 5 families report that they bought a VCR within the last 12 months. Approximately 1 in 3 households purchased blank video tape. Both categories, according to the national telephone poll, are due for even more increases, but at a slower pace.

Though buying intentions for VCRs by the MarkeTrends families are up over 60% from readings taken a year ago, most of that demand has already been satisfied and is reflected in last year's sales. *Chain Store Age* is projecting that the number of households buying this year will increase a more modest 6%-7%.

As for blank video tape, the MarkeTrends survey reveals just how much of a commodity item it has become. Based on the current poll, ev-



WHAT IS THE FUTURE OF AFTERMARKET

CAR AUDIO

Car stereo retailers are feeling increasing pressure from automobile manufacturers. Consumers are turning to aftermarket retailers with less frequency.

Car audio retailers are hopping mad. Automobile manufacturers are putting souped-up stereos into new cars. What is the big fuss? Freedom of choice, say the retailers.

It means that customers who wish a different audio system must first convince themselves that somehow it makes sense to rip out a pretty expensive unit—one they must pay for when they buy the car—just to install another. Few customers, the car audio retailers argue, are that dedicated.

The retailers just might have a point. The latest *Chain Store Age*/ Leo J. Shapiro & Associates MarkeTrends poll reveals that 54% of families expect to buy their next car stereo right along with the car—right from the dealer.

When only those who are buying a new car are considered, the news gets even worse. According to the survey, 71% of new car buyers say that they will buy their next auto sound system from a new car dealer.

Families buying a car stereo for a used car give the retailer a better break. In the poll, 74.2% of households buying an auto sound system for a used car report that they will buy from a retail outlet, and not from a dealer. The only problem is that purchases for used cars amount to only about one-third of the total market, says the survey.

It is a problem with enormous financial implications for both the automobile and consumer electronics industries. This year the wholesale value of both domestic factory installed and aftermarket car audio equipment will top $3 billion, according to the Electronics Industries Association. And that number does not include the thousands of units shipped already installed by overseas auto manufacturers.

Consumer interest in buying car audio is at an all time high this year, too. A full one-third of the families in the MarkeTrends survey say that there is at least some chance that they will buy a car stereo this year. Eight per cent report that they definitely will buy in 1987.

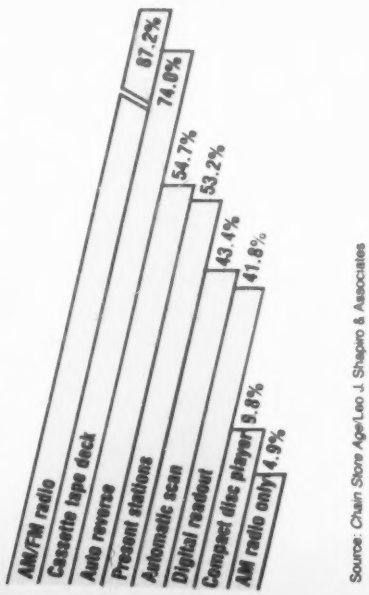
Considering how much time consumers are listening to their current auto sound system, it is no wonder that the category is taking off. On the average, families in the study report that they use their car stereo 8.3 hours every week. One out of every 10 families is listening 20 hours or more in a typical week.

Customers look pretty willing to back their investment in time with a healthy investment in dollars to get what they want. In the current poll, the MarkeTrends families say that they expect to pay an average $270 for the auto sound system which will meet their needs.

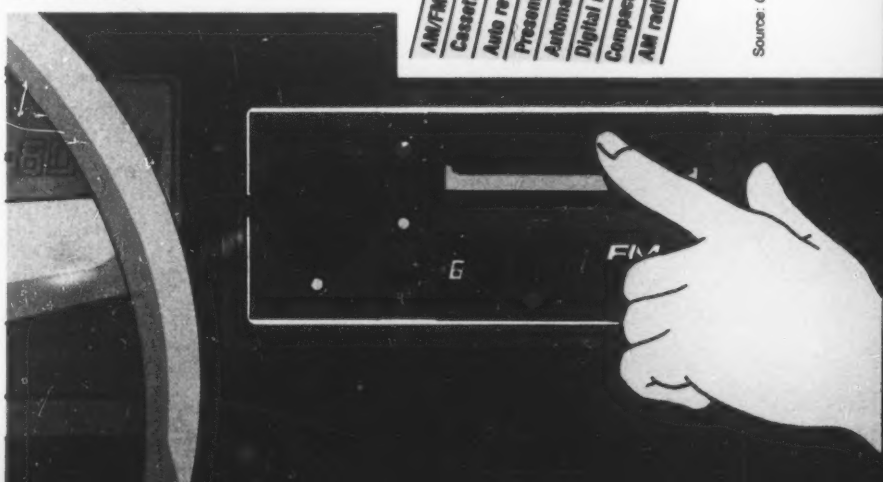
What this average does not reveal, however, is a steady upward price creep away from the low end. Three years ago, about one-third of the MarkeTrends families said that they planned on spending less than $150 for a car stereo. This year, only 12.3% report that they expect to pay that amount.

And unlike three years ago, when the market was fragmenting into just the low and high ends, the current market is centered squarely at the middle range. One in every four of the MarkeTrends households says that they will spend between $200 and $299.

The features customers definitely want . . .



Source: Chain Store Age/Leo J. Shapiro & Associates



Part of the reason for the upward price creep is features. Stripped down car audio systems are no longer on just about any customer's shopping list. Only 5% of the MarkeTrends households say that their next auto sound unit will have an AM radio only.

Instead, AM/FM radios have become the standard for car sound systems. In the most recent poll, a whopping 87% report that an AM/FM radio would definitely be part of their next auto stereo.

Cassette tape players are another near must. About 3 out of 4 families in the survey say that they definitely would purchase a cassette tape player as part of their next system. A surprisingly high 10% report that they want a compact disk player in their car the next time out.

When it comes to some specific features, however, the customer's ardor cools off a bit. Only 55% of the families in the poll say that auto-reverse is an essential for their car cassette player. The ability to preset favorite radio stations is a definite must for a surprisingly low 53%. Only 43% are definitely looking for automatic scan.

Sophistication about car audio itself looks like the best predictor of those families who want more advanced features. Those who currently own a car stereo with both an AM/FM radio and a cassette tape player are more likely to want additional features than are those whose current car system has just an AM/FM radio.

As far as brand goes, the field is wide open. When asked what brand of auto sound system they expect to buy, 46% of the MarkeTrends households cannot come up with the name of a brand. Among the 54% who do profess a brand preference, Pioneer is the customer's top choice. Following are Sony, Panasonic and Alpine.

Disturbingly, for car audio retailers, General Motors' Delco brand ranks fifth on the customer's list. In the poll, Delco beats out some pretty formidable contenders, ranking higher than Radio Shack, Blaupunkt, Kraco and Kenwood.

Delco's strong performance in the MarkeTrends study once again illustrates the problem faced by car audio retailers: They face competition not only among themselves, but also from car dealers and manufacturers.

In the aftermarket, electronics specialty stores—and the superstores in particular—have run away with a big chunk of the business. About 40% of all families which plan to buy in the aftermarket report that they expect to make their purchase at one of the electronics specialists.

Discount stores rank a distant second to the specialists. According to the poll, only 8% of families interviewed name a discount store as the place to buy a car stereo. K mart, by itself, takes a 5% share.

However, the study's worst news comes to Sears. Only 1% of the families in the survey say that they will buy their next car stereo from the nation's largest retailer. In past MarkeTrends polls, Sears has scored about 5% of total aftermarket sales. □

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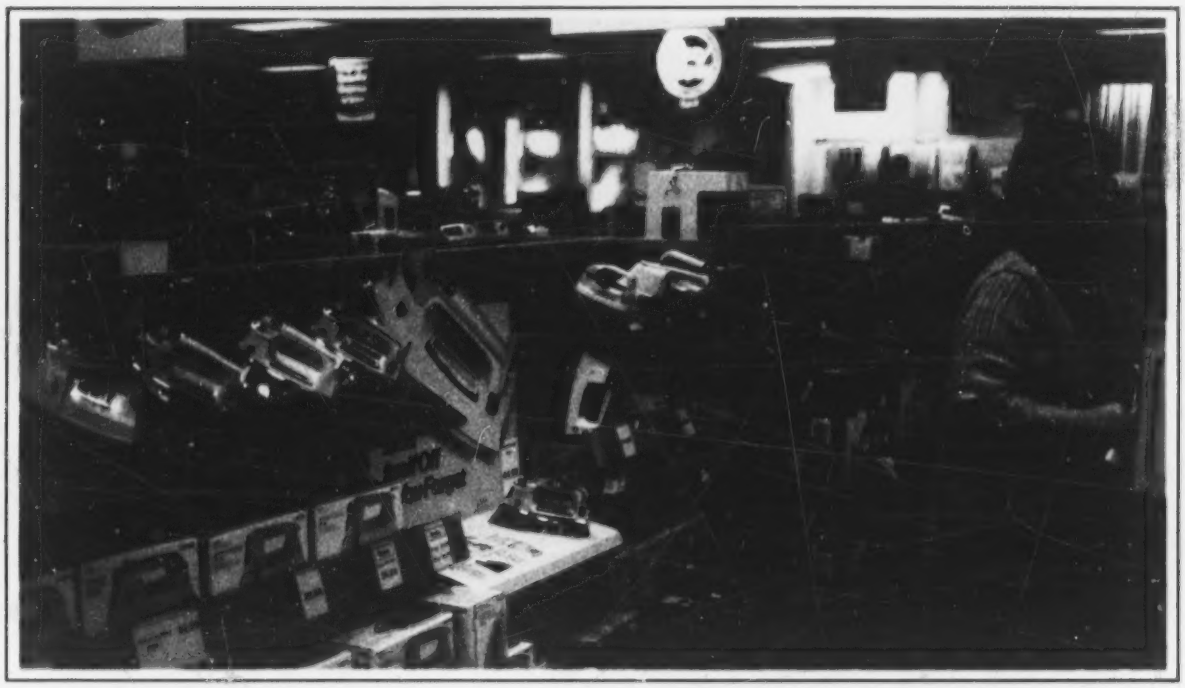
FEATURES: A PRESSING TOPIC IN STEAM

IRONS



Automatic shut-off has expanded the market. But to keep price points low, vendors have begun to drop some basic features. Consumers, however, want the old with the new.

How many features can you strip from an automatic shut-off iron and still turn on customers? Retailers and suppliers will confront that riddle this year, as electronic monitoring technology continues its movement down the product line.

Chain Store Age MarkeTrends research did a thorough investigation of consumers' buying intentions and feature preferences regarding steam irons. Results show that shoppers want electronic gadgetry, but they are reluctant to give up lower-tech features.

That could present problems for the juggling act ongoing in this category. Steam irons are a price-sensitive product, and the shut-off capability raises manufacturing costs. Recently, vendors have lowered prices by shaving off nonelectronic features. It is a delicate balance.

Auto shut-off has been the single most important factor in accelerating the iron replacement cycle. The market swelled by about two million units in 1984, the year Sunbeam introduced its Monitor Electronic iron. A wave of similar entrants followed, including Black & Decker's Automatic Shut-Off iron.

The purchasing boom continued through 1985, but did not grow further. In those days, an electronic self-monitoring iron was a premium product with a premium price. Sunbeam's pioneering product debuted with a full-margin retail of $67.

Even now, fully featured shut-off irons sell at discount stores for around $50—substantially more than the average $29.40 that survey respondents expect to pay for their next iron. However, price expectations have been creeping up since *CSA* MarkeTrends first began tracking them.

Sunbeam and B&D last year gave the category another shot of steam by extending the shut-off feature to more modestly configured irons. These irons turn themselves off rapidly in sole-down position, but they may react slowly if left on heel rests. Some lack self-cleaning or extra steam features, and they may not indicate when the desired temperature setting has been reached—a standard in top-of-the-line automatics.

According to industry estimates, these second-best high-tech irons expanded the market by another million units in 1986. But survey re-

What features do you want in your next steam iron?

Feature	Percentage of consumers rating it "very important"
Nonstick coating	71.3
Detailed fabric guide	68.4
Steam at low temperatures	66.1
Extra steam	63.9
Button grooves	63.8
Self-cleaning	63.4
Automatic shut-off	63.0
On-off indicator light	62.8
Temp. indicating light	52.4
Beep before shut-off	40.0
Switchable cord	29.5
Cordless	29.1

Base: Those who iron
Source: *Chain Store Age*/Leo J. Shapiro & Associates

sults suggest that some shoppers may reject these Cadillacs minus radios. They just might prefer a fully equipped Chevrolet.

When consumers were asked to rate the importance of various features in the next iron they buy, some old-hat upgrades—such as nonstick soleplate coating—emerged stronger than auto shut-off.

In general, factors that ease ironing chores were rated as high or higher than the worry-free shut-off capability. It should be noted that the survey addressed these questions only to respondents who actually do ironing.

That turned out to be a rather select group. The survey found that slightly more than half of all consumers never do any ironing. Included in the nonironers were one-fourth of the women surveyed and three-quarters of the men.

Those who iron rated nonstick sole coating as No. 1 in value, with 71.3% judging it very important. Second in importance is a detailed fabric-temperature guide—practically a staple, though some promotional irons offer only sketchy ones. A detailed guide is called very important by 68.4%.

In third place, a clump of features ran neck-and-neck. They included the ability to produce steam at low temperatures (a byproduct of electronic thermostats and very important to 66.1%), the extra-steam feature (very important to 63.9%), soleplate button nooks that allow ironing close to buttons (63.3%), and a self-cleaning function (63.4%).

The auto shut-off feature nearly matched those other third-placers, judged very important by 63%. Nearly 19% termed it not at all important, compared with the 13% who attached no importance to nonstick soles.

Following closely was the on-off indicator light, earning highest importance ratings from 62.8%. Other features were considered not quite as crucial. A light indicating that the desired temperature setting has been reached is very important to only 52.4%, with 19.7% finding it not at all important.

In its TV advertising last year, Black & Decker highlighted the beep that sounds before its top-of-line iron turns itself off. Two out of five (40%) consider this very important.

Cordlessness was a big loser in the importance ratings, with a mere 29.1% of ironers weighting it as very important. Switchable cords, adaptable for left- and right-handed ironing, attracted moderate interest, with 46.9% judging them crucial.

Lightweight irons, made possible by the development of plastic bodies and smaller sizes, were yesterday's big news. Now consumers seem to have mixed reactions. Some retailers have noted that shoppers register initial enthusiasm for feather-weight compacts, only to complain later that they work like toys.

The survey discovered that consumers prefer light irons to heavier weights by nearly a 2 to 1 margin. But by almost the same edge, they say they prefer steel bodies to plastic. A light steel-body iron is, as one vendor says,"a contradiction."

In their search for lighter weights, most consumers refuse to sacrifice size. Full-size irons are the choice of 71.3%, with about one-fifth willing to settle for (as the survey phrased it) "a bit smaller than full size." Travel irons are on the shopping lists of 5.5%.

Like automatic shut-off, disenchantment with flyweight irons could be sending recent purchasers back into the market.

As expected, purchasing plans are most definite for consumers whose current iron is over two years old. Twenty-one per cent of that group have definite or probable intentions of buying a new steam iron in the next 12 months.

But a significant portion of the younger-iron owners (10.7%) also describe their purchasing plans as definite or probable.

The largest cluster of respondents, 48.6%, name the $25 to $40 range as the amount they expect to spend for an iron. Slightly less than 10% anticipate paying less than $20. □

Youth recognizes Black & Decker

"Oh, mom, you're stuck in the Stone Age. G.E. doesn't make *irons* anymore."

That daughter-to-mother advice will be heard more often, survey results suggest. Since its acquisition of General Electric's small appliance business in 1984, Black & Decker has been struggling to publicize the transition. And younger women are getting the message.

The survey shows that 35.5% of all consumers who iron, male and female, want their next steam iron to be a G.E.—a name no longer appearing on small appliance nameplates. B&D was the brand named by 19%.

However, women aged 18 to 34 are more in the know. Twenty-nine per cent of them named G.E., but almost as many—23%—said B&D. By comparison, women aged 35-plus chose G.E. 43% of the time, with only 13% naming B&D.

Young women were targeted by a $10 million 1986 ad campaign themed, "G.E. irons are now Black & Decker." It included a music video-style television commercial showing youthful blondes wielding the B&D premium iron. Sung in the background: "You can't let the work take the girl out of you."

The commercials may have hit a strategic bullseye. *CSA* Market-Trends discovered that young women do plenty of ironing. Asked if they ever use an iron, 84% of the female under-35 group said yes. That compares with 65% of older women and 49.6% of all consumers.

CROSS MERCHANDISING MOVES

BATH RUGS

Shoppers have been trained to pick up a bath rug when they select towels. Fashion and ensembles are spurring interest. Even one-bathroom households plan to stock up.

People aren't building new bathrooms left and right," a maker of bath rug fibers commented some months ago. A recent *Chain Store Age* MarkeTrends survey proved him right. Only 46.5% of the sample reported having two or more bathrooms. Nevertheless, even one-bath households want to stock up on rugs.

Retailers have noted growth in the category, many of them attributing it to better fibers, more fashionable looks, and aggressive cross-merchandising. "Whenever we do a towel ad, we run a rug ad with it," says a buyer at a Northeast department store that formerly advertised rugs separately.

That kind of effort seems to be bearing fruit. The survey found that 55.9% of consumers with next-year buying intentions plan to purchase a rug at the same time they select towels. Fifty-three per cent would pick up lid or tank covers along with a bath rug.

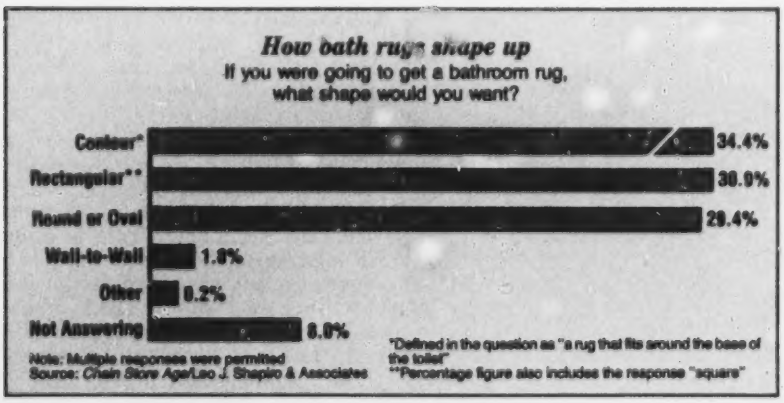
Opportunities for add-on sales are wide open. Asked whether they would coordinate a bath rug with other bathroom furnishings, 26.7% of all respondents said they would mix or match rugs to towels. About one-eighth are after coordination of rug and shower curtain, while 14.7% chose window curtains as the coordinating key. Another 16.2% want a harmonious ensemble of all these items.

More cross-merchandising avenues will be available for exploration soon. Last fall, Springmaid announced that its Bill Blass sheeting collection would be extended to bath fashions. The mill has chosen an appropriate testing ground for bed-bath combinations, since the Blass line is heavy on solids. Solid bath rugs are preferred to patterns by more than a 5 to 1 margin, the survey revealed.

However, some patterned bed-bath combos are also doing well. Springmaid's popular Anastasia sheet design, a floral, comes with a matching rug that has scored a hit in many stores. Vendors are beginning to suspect that bath rugs sometimes wind up in the bedroom or in an adjacent powder room.

Consumers' urge for rapid rug replacement—exhibited by the desire to match rugs to often-changed towels—seems to matter more than the number of rug sites in the home. Households with two or more bathrooms show only slightly more in-

***26.7% of all respondents** said th would mix or match rugs to towels.*



terest in a next-year purchase of a bath rug than do single-bath homes.

Some people simply do not want bath rugs. Households that currently use a rug in at least one bathroom are far more likely to buy one next year than are rug-free households. Slightly more than one-quarter of the sample has no rug in any bathroom. They compose one-third of the group saying there is no chance they will buy one in the next 12 months.

Overall, however, buying intention is high, with 7.3% of all respondents definitely planning a coming-year purchase. Another 12% rate their chances as probably, while 19.2% voice a maybe.

In last month's home textiles MarkeTrends report on bath accessories, preferences for bath rug shape were reported. That previous survey found an unusually large number of respondents, about 12%, with no answer to the shape preference question.

CSA went back and asked again, this time defining the contour rug, which was one of the possible shapes mentioned in the earlier survey.

Apparently consumers had not realized that a contour is a rug that fits around the base of the toilet. Once the term was defined, response to contours shot up, from last month's 13% to 34.4%. Most of those additional votes came from the group initially expressing a preference for ovals. Oval votes sank from 40% to 4%, an indication that by citing ovals, most respondents had meant oval contours.

In both surveys, rectangulars pulled preference mentions from roughly one-third of those polled,

The color of money in bath rugs

If you were going to get a bathroom rug, would you want a solid color or a pattern?	
Solid	79.5%
Pattern	14.8
Not answering	5.7
If a solid color, what color would you want?	
Blue	25%
Beige/tan	11.1
Brown	9.7
Pink/rose	6.8
Green	7.1
Yellow	3.9
White	3.2
Peach	2.3
Gray	2.1
Red	2.0
Gold	1.2
Burgundy	1.2
Purple/plum	0.7
Other	2.7
Not answering	6.6

*Percentages given are based on entire sample, including consumers preferring patterns to solids. Multiple responses were permitted.
Source: Chain Store Age/Leo J. Shapiro & Associates.

and only about 1% want to buy a wall-to-wall rug, available in cut-to-fit kits in many domestic assortments.

Bath rug vendors have wondered whether installed wall-to-wall bathroom carpeting puts a damper on the desire for area rugs. That does not seem to be the case. Slightly more than one-fourth of all households have wall-to-wall carpeting in at least one bathroom, the survey found, with the majority of this group (65%) currently owning an area bath rug also.

The wall-to-wall group's chances of buying a rug next year are about average. They are more likely than other respondents to have multiple bathrooms.

Despite synthetics' faster drying qualities, consumers say they prefer all-cotton bath rugs. On the fiber question, 100% cotton got nearly one-third of the votes, while all-synthetic rounded up 14%. Cotton-synthetic blends, a rarity in bath rugs, were the choice of nearly 44%, while one-tenth of the sample had no answer to this question.

The attraction to cotton tends to diminish at point-of-sale, however. Cotton Inc., an organization representing suppliers of cotton products, notes that another survey turned up about the same cotton preference, more than 30%, several years ago. However, Cotton Inc. concedes, market share for all-cotton is actually closer to 15%.

In citing all-cotton, consumers may be expressing an inclination toward natural looks and subdued lusters. They are likely to find what they want in synthetic rugs.

Until a short time ago, the standard synthetic bath rug was a nylon plush, brash and shiny. New heat-set nylons and polyesters now allow synthetics to mimic wool and cotton. One of the fastest-turning rugs, Regal Rugs' Juliet, is a blend of Trevira and Zefran.

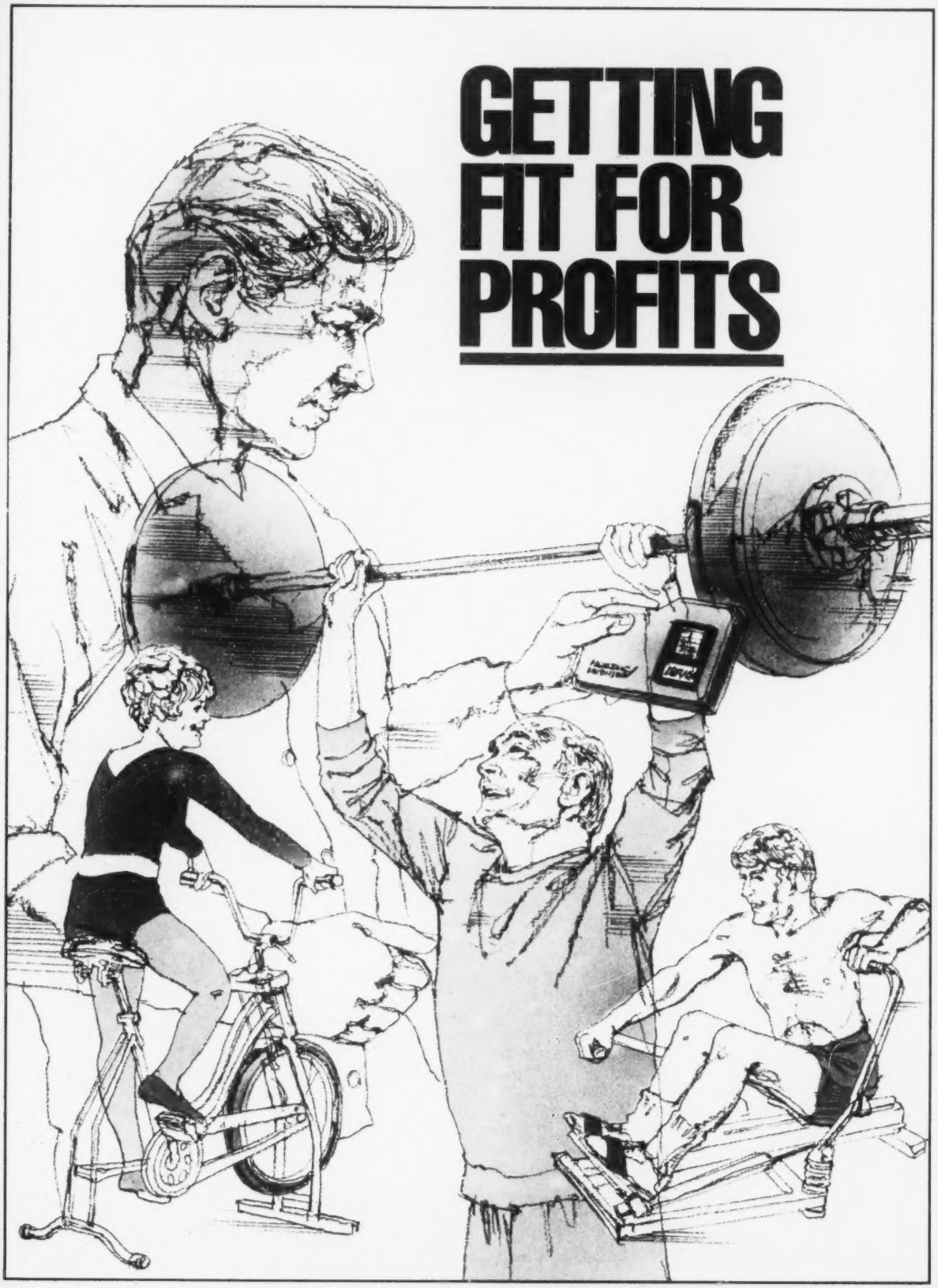
Juliet is a shag rug, and shags are the choice of 38.1%. Of those planning to shop for something other than shag, the majority (55%) would select velour over terry loops.

The MarkeTrends bath accessories survey results reported last month showed a strong preference for blue bath rugs. Re-testing this month again found blue on the top rung, chosen by nearly one-fourth of the sample twice in a row.

As before, brown tones were second choice, but consumers fine-tuned their shade choices. Beige and tan got 11.1% of the nods, while brown received nearly 10%. Green and pink made relatively strong showings with 7.1% and 6.3% of the mentions, respectively.

Promotional bath rugs abound, but consumers show little interest in hunting for bargains. The average price they expect to pay for the bath rug they want is $20.20. One-third of the prices mentioned fell into the $15 to $20 range, with nearly 15% naming a single price: $20. □

***7.3% of all respondents** definitely plan a coming year purchase.*


GETTING
FIT FOR
PROFITS

A PROFILE OF TWO FAMILIES: RIGHT CREDENTIALS BUT NO SALE

Peter Bernstein and his family are the type of exercise equipment and home health care customers that retailers covet. So too, are Jack Swire and his wife Gwendolyn. They are also the clientele suppliers are courting.

Both the Bernsteins and Swires command household incomes in excess of $35,000 per year. The Bernsteins have a 10-year-old son; the Swires are what is currently called "dinks"—that is double income, no kids.

Like many of today's young couples—the Bernsteins are in their early 30's, the Swires, their late 20's—these families frequented health clubs until time and money pressures made that a luxury no longer feasible.

One would think the Bernsteins and Swires would be rushing to buy at-home exercise equipment. Then, too, it seems logical they would be interested in home health care items such as blood pressure monitors or, in the Bernstein's case, a digital thermometer for their son.

But, Bernstein claims the only at home exercise item he owns is a jump rope. An old-fashioned glass thermometer is still stowed in the medicine cabinet.

Bernstein has noticed a slight paunch around his midsection and is toying with the idea of an exercise bike. But what is somewhat alarming is that he does not know where he would shop for such an item, and, he has no idea what a suitable price would be for the bike. He guesses $200 would be about his limit.

"I'd leave the purchasing to Deborah," he says referring to his wife. Deborah also is not too sure where she'd buy, although she'd start her trek at Sears.

***Swire tests** an exercise bike, memories of assembly haunt him.*

Bernstein says features would not be as important as price and the size of the bike. "Just getting on the bike would be half the battle. I don't want to know how fast I'm going or how rapid my heartbeat is—that would scare me off forever." He says he would use the bike two or three times a week.

The Swires already own one of the standards of at-home workouts: a rowing machine. It was purchased by Gwendolyn for Jack at a discount store as a gift for Christmas 1984.

After four hours of assembly, and a few months of use, the rowing machine has joined Jack's museum of unused items. Although he has contemplated buying an exercise bike, the memories of putting the rower together coupled with his lack of time to use the apparatus stop him. Instead, Gwendolyn and Jack are giving "Jane Fonda's Workout" tape a try.

"We paid about $100 for the rower and I used it for a few weeks," Jack recalls. "At that time we lived in an apartment so I had to store it and it was a pain getting it out . . . now we have a four bedroom house and I've found other excuses."

The Swires are typical of many other families who buy an exercise item only to shove it in a corner to collect dust. The industry is in need of ways to inspire owners to use the items they have so that they will be willing to purchase other products.

Both families expressed similar feelings about home health care items. "Taking your blood pressure is probably unique for a few weeks, then you lose interest," says Bernstein. However, as they grow older, both families thought they would be interested in some health-monitoring products.

The challenge, in order to capture the favor of these shoppers, is to make products worth not only the monetary investment, but the time as well. Incorporating tanning lamps on an exercise bike such as Sperti has done or building in stereo equipment is one idea. Vendors must also remember the need for easy assembly and easy storage.

"That is especially crucial," says FIND Research's Peter Allen, "because the typical customer is living in small quarters and wants to hide the equipment when it is not in use."

THESE TWO FAMILIES SHOW INTEREST BUT, FEAR HOME EXERCISE ITEMS WILL BECOME DUST COLLECTORS.

THE BOTTOM LINE IS COMMITMENT

All indications point to a boom in home exercise equipment.

For example, a recent Gallup Poll of 1,022 adults reveals 69% are working out regularly, up from 54% two years ago. Moreover, people who work out often are 2.5% more likely to say they are happier than their less active counterparts.

FIND/SVP research estimates sales of home exercise equipment will rise 20% to 25% annually enroute to $2.1 billion by 1991. The New York-based research firm says Americans spent $1.2 billion for equipment at retail in 1985, up from $1.1 billion in 1984.

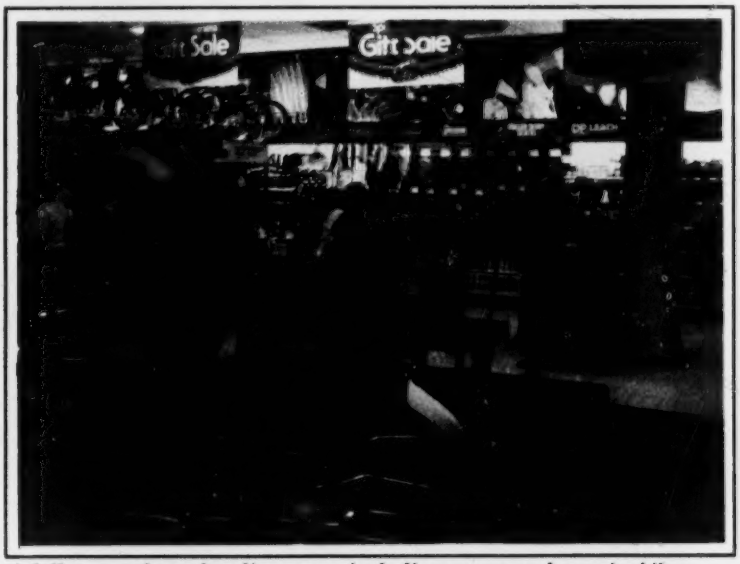
And, *Chain Store Age/Better Homes & Gardens* research shows interest-to-buy up in several high-ticket exercise categories such as rowing machines.

Yet, retailers say they have not had the sales bonanza they have been reporting. The category turns very slowly—under two times per year—and requires monumental space. The picture is exacerbated by the fact there are so many vendors offering varying degrees of quality and prices.

"The shakeout has begun," says Vitamaster's market analyst Peter Anderson. "It is a shakeout of both vendors and retailers. The bottom line is commitment."

The commitment for vendors means stocking a full array of merchandise including exercise bicycles, rowers and treadmills. For retailers, it means turning over enough space to display the goods and offering more than one choice of each classification.

Already there have been casualties. Huffy exited on the vendor end; Gold Circle has pared its selection and Montgomery Ward, despite its splashy home exercise department in its prototype, Seven Worlds of Wards store, has refined its selection.



A full array of merchandise means including rowers and exercise bikes.

Forecast of Consumer Sales 1985-1991

Year	Projected Sales in Constant 86 $	Annual Growth
1985	1,216	15%
1986	1,366	12
1987	1,516	11
1988	1,672	10
1989	1,836	10
1990	1,986	8
1991	2,133	7

Source: FIND/SVP Forecasts

Retailers are trying to claim a niche in the market. Best Products, a spokesman says, has established itself as a place to shop for a good selection at low prices. Its mix is under $100, yet features brands such as Vitamaster and AJAY.

Other chains credited with making a statement in home exercise include Lechmere, Caldor, K mart and Sears. Caldor has started advertising the items more often as part of home sales. A recent flyer touted a Marcy Brawny bench for $49.99 and a dual action ergometer for $149.99.

"What we are doing is upgrading the mix to meet with a more sophisticated shopper," says a Caldor source. "The buzzwords are ergometer, calorie burner meters and pulse monitors. People want features."

Sears has decided to court the exercise shopper in a big way. Its catalog now devotes over 15 pages to equipment including house labels and nationally known brands.

Despite the inroads mass outlets have made, the real growth is coming from the specialty stores such as Herman's. Says Dawn Lange of Precor, a sister company to West Bend, "Serious shoppers are willing to pay for quality and features such as lap timers."

The specialty concept has been so successful, a wholesale club sporting-goods outlet called SportsClub recently opened in Los Angeles.

Then, too, direct-mail catalogs are enjoying a surge in sales, es-

VENDORS MUST OFFER A FULL ARRAY OF MERCHANDISE. RETAILERS MUST DEVOTE MORE SQUARE FOOTAGE.

pecially since these catalogs are mailed directly to the primary buyer—an affluent customer. The Sharper Image, for instance, just started carrying exercise items within the last year. Its February catalog features 10 different exercise items ranging from a $1,425 Lifecycle to a $159 TSX1 cable workout.

Another cataloger, The Sporting Edge, also offers 10 different exercisers such as an aerobic stair-climber for $119.95. According to company president Dennis Binkley, catalogers have the advantage of easy at-home delivery, selection and price.

"We've always been willing to be on the cutting edge by taking risks retailers won't," offers Binkley.

With the exercise staple—the stationary bicycle—nearing at peak at 3.2 million units, retailers are casting votes for new trends. Exercises, says K mart's dmm sporting goods Wayne Sales, go through fads. As examples, joggers were hot two years ago; inverted gravity boots thrived after Richard Gere hung batlike in "American Gigolo."

Sebastian Di Casoli of the Sporting Goods Manufacturers Association sees sales quickening for rowers, a $207 million category.

Lange at Precor agrees. "People are finding it works the entire body instead of just the legs. The same is true of treadmills."

AEROBICS SPUR ANKLE/WRIST WEIGHTS SALES

Now that the exercise bicycle has become a staple, shoppers are looking for more sophisticated items such as rowers and ancillary exercise items including ankle and wrist weights.

That is according to a recent *Chain Store Age/Better Homes & Gardens* poll of 428 households.

Many more homes now have exercise bicycles over a similar study conducted in 1983. At that time, 19.8% of those surveyed owned a bike vs. the 32.7% currently possessing one, an increase of 65%.

Not surprisingly, the percentage of households extremely interested to buy dropped from 6.1% in 1983 to 4.2%.

But buying intentions have surged in rowing machines, barbells, ankle/wrist weights and home gym systems.

The most dramatic gain is in intent to buy a rower. According to the National Sporting Goods Association, rowers are gaining in popularity because of the degree of cardiovascular and aerobic benefits. Sales, the association says, soared 65% from 1984 to 1985.

The outlook is for continued growth, says the *CSA/BH&G* research. Almost 5.5% of those answering the survey are extremely interested to purchase, up from 1.6% three years ago. Some homes have already acquired rowers, that percentage climbed from 2.3% in 1983 to 8.6%.

With average prices hovering around $135, the rower is a welcome addition to the mix. The shopper most likely to desire a rower, according to *CSA/BH&G* statistics is 18 to 34 and has children.

Fitness boom still pumping

	1983 Already own	1983 Extremely interested	1986 Already own	1986 Extremely interested
Exercise bicycle	19.8%	6.1%	32.7%	4.2%
Rowing machine	2.3	1.6	8.6	5.4
Barbells	16.8	8.9	24.1	1.8
Dumbbells	12.0	2.0	25.0	2.1
Weight bench	11.8	2.9	28.1	2.6
Jogger/ Trampoline	8.2	5.9	17.3	2.1
Ankle/Wrist weights	8.4	2.9	18.5	4.9
Jump rope	42.5	1.4	41.8	1.2
Hand grips	16.5	1.7	19.2	8.7
Treadmill exerciser	0.2	3.0	1.6	3.5
Pedaled exercise unit	N/S	N/S	13.8	5.1
Hanging gravity boots and bar	1.1	2.0	1.2	0.5
Home gym system	2.2	4.5	2.8	8.5

N/S = Not studied
Source: *Chain Store Age/Better Homes & Gardens*

Both the interest to buy and ownership of ankle/wrist weights jumped and much of that increase can be attributed to consumer interest in aerobics, walking and jogging. AMF's Heavy Hands, which debuted in 1983, account for much of the interest in the category, according to FIND/SVP research. Almost 5% of the panel are extremely interested in buying, up from 2% in 1983. And, 18.5% of homes already own some kind of weights, up dramatically over the 8.4% who owned in 1983.

Hand, wrist and ankle weights, which vary in price from $7 to $40, are sold primarily through discount stores. In fact, NSGA says discounters sold 36% of the three million units sold in 1985.

These items tend to have more universal appeal than other exercisers with the demographics of those extremely interested divided almost evenly among the age groups.

Consumer plans to buy other free weights such as barbells and dumbbells increased only mar-

NOW THAT EXERCISE BIKES ARE A STAPLE, SHOPPERS LOOK FOR MORE SOPHISTICATED ITEMS.

ginally. Ownership, however, rose in both. Almost 25% currently own barbells, up from 16.8; 25% have dumbbells, up from 12%. These easy-to-use and familiar items are often favored by an older audience.

The real sophisticated at-home exerciser is trading up to home gym systems similar to those they have used at health clubs. There has been a 20% increase in sales of these systems which retail between $200 to $1,000. Although intent to buy rose from 4.5% in 1983 to 6.5% in the latest study, the homes responding they already own dropped from 3.2% to 2.8%.

Although ownership of weight benches, jogger/trampolines and treadmills has swelled, consumer interest has waned. Intentions to buy joggers, for example, sunk from almost 6% in 1983 to 2.1%. Retailers blame that on the fact joggers were a fad. What's more, the average price of these mini-trampolines has declined, according to FIND/SVP, from $47 in 1983 to $32 in recent years.

On the whole, retailers upgrading the mix to include exercisers with features are headed in the right direction. The typical shopper for at home goods is young and affluent (earning over $35,000 per year) with children in the household. This suggests the shopper is trying to recreate a health club under his or her own roof.

HOME HEALTH CARE MARKET SHOWS CONSIDERABLE GROWTH

For years the word on digital thermometers has been: sales will really soar when prices sink below $10.

The average price of a digital thermometer has plummeted over the years from as high as $20 to today's average of $5. And consumer intention to buy has escalated as prices dropped.

Almost 18% of a recent *Chain Store Age/Better Homes & Gardens* survey of households are extremely interested in buying one of these easy-to-use thermometers. In fact, it is estimated over five million units were sold last year, up from only one million in 1984.

Additionally, 18% of the sample already own a digital thermometer. Contrast that to a similar *CSA/BH&G* study in 1983 when only 4.3% owned and 6.6% were extremely interested.

It is not the only category promising growth. Intent to buy blood pressure monitors, hand or foot massagers, vaporizers, humidifiers, digital scales and air purifiers is also on the rise.

Not surprisingly, those most interested in blood pressure monitors are over 35; those wanting digital thermometers most likely have children. Families motivated to buy other items, such as a humidifier or heating pad, appear to be young households just setting up homes.

Interest to buy home health care

	1983 Already own	Extremely interested	1985 Already own	Extremely interested
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hand or foot massager	12.8	3.6	19.6	5.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaporizer	42.5	1.1	47.0	2.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heating pad	61.2	3.9	70.8	4.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Digital scale	8.6	8.4	18.0	17.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: *Chain Store Age/Better Homes & Gardens*

Intent to buy digital scales also swelled and buyers attributed that to the consumer's demand to have exact weight readings.

Although intent to buy is up significantly from 1983, a few categories slacked off since a similar study in 1985. In that report, 9.5% were very motivated to buy a hand or foot massager but that is down now to 5.6%.

A few suppliers hint buying intentions may be off because people are not aware of these items. "Retailers who have them, hide them in the stores and don't promote them," laments Sharp sales manager for medical, Tony Bernardo.

Only a handful of mass retailers have courted the business. Suppliers point to Lechmere, Bradlees and K mart as those most willing to take a stab.

K mart put plans for a lucite, pilfer-free home health care display on hold. But Bradlees has decided to make a statement by pulling together blood pressure kits, ovulators, thermometers and other health related items into a health care department, often housed on endcaps.

PRICE POINTS PLUMMET AND CUSTOMER INTEREST RISES: RETAILERS NEED STRONGER MERCHANDISING METHODS.

January records 11% sales uptick

January closed out the books on 1986 on a positive note. The 15 retail companies tracked by *Chain Store Age* recorded a combined 11% sales gain for the month. They ended the year 10.2% ahead of 1985.

Sales totals for the last month of the fiscal year, however, are notoriously difficult to interpret. Big sales gains can easily be read as signs of January markdowns to reduce bloated after-holiday inventory. They just as easily can be interpreted as profitable gains.

Yet January did offer some encouraging signs. For the second month in a row, and for the third out of the last four months, sales gains were ahead of year-to-date totals. The figures offer at least some hope that 1987 will pull ahead of last year's modest increases.

One factor arguing for a stronger year in 1987 was that January paychecks were noticeably larger for most taxpayers. Last year's tax reform act reduced withholding rates and can be expected to pay off at the cash register.

But due to a new, complicated W-4 form, many families are now underwithholding. Changes in the controversial form are in the works, but it probably will be fall before the average taxpayer will be called to pay the piper.

Until then, it is expected that most families will spend their windfall. Discount stores, in particular, are the predicted beneficiaries.

Discount stores were one of January's—and all of last year's—top sales performers. K mart reported sales up 12.6% for the month, and ended the year 7.9% ahead. Same-store results increased 7.4% for January.

Once again, Wal-Mart led the discount field, posting a 45% overall sales hike for the month, and a 16% comparable-store increase. The Bentonville, Ark.-based chain, which now operates stores in 23 states, finished the year with a 41% jump in volume. Wal-Mart is predicting comparable-store sales will be in the high-single digit or low double-digit range in 1987. Same-store results in 1986 were up 13%.

Some of the upscale discount stores, however, fared less well. Bradlees reported January volume up only 4% overall, with comparable store results increasing but 1%.

Commenting on the weak January results, Stop & Shop chairman/ceo Avram. J. Goldberg said, "Bradlees small comparable store increase during January was largely due to unfavorable weather throughout our operating area."

The double round of snow storms that hit East Coast retailers in January, however, seem to have bypassed May Dept. Stores' Caldor discount division. Caldor's posted an 11.6% increase for the month, with same-store results gaining 7.3%.

The explanation for the apparant difference is that Caldor's was probably comparing to a weaker month a year ago. Comparable store figures for Caldor ended the year only 0.7% ahead of 1986.

Montgomery Ward finished the year on its own upward spiral. January volume was ahead 9.2% and the once struggling retailer ended the 52 week period with sales up 2.2% from 1985. Ward reported the largest increases for January came from electronics, home, automotive and appliance areas.

Most of the electronics specialists ended the year on an up note, too. Richmond, Va.-based Circuit City finished its first ever year with sales volume topping $1 billion. Radio Shack operator Tandy ended 1986 with volume for January up by 13% and ahead 16.2% for the year.

The news was less encouraging for City of Commerce, Calif.-based The Federated Group. Sales gained only 1% for the month and finished 1986 21.6% above last year.

Fiscal year ends on an up note

Major chains	% change	January sales* 1986	January sales* 1985	Stores 1986	Stores 1985	12-mo. sales* 1986	12-mo. sales* 1985	% change
Sears[1,2]	+ 3.0	$1,596,000	$1,549,400	806	799	$ 26,047,600	$ 25,371,100	+ 2.7
Penney[2]	– 2.5	666,000	683,000	1,875	1,911	13,296,000	12,648,000	+ 4.4
Ward[1,3]	+ 9.2	248,728	227,747	293	307	4,286,408	4,196,035	+ 2.2
Dayton Hudson[3]	+ 9.3	492,900	450,800	476	1,208	9,050,000	8,050,000	+ 12.4
Federated[4]	+ 1.9	453,100	444,600	504	477	8,466,200	8,087,900	+ 4.7
May Dept. Stores	+ 11.3	530,100	476,200	2,766	2,400	10,284,300	9,370,900	+ 9.7
Carter Hawley Hale	+ 7.1	208,200	194,300	303	299	4,089,800	3,867,500	+ 5.8
Mercantile	+ 5.4	100,732	95,602	82	80	2,022,746	1,879,669	+ 7.6
K mart[5]	+ 12.6	1,348,500	1,197,400	2,086	2,180	23,239,100	21,534,900	+ 7.9
Wal-Mart	+ 45.2	884,000	609,000	1,029	882	11,912,000	8,451,000	+ 40.9
Zayre	+ 33.5	265,298	198,786	1,092	985	5,304,385	4,043,895	+ 31.2
Bradlees	+ 3.7	84,000	81,000	162	158	1,873,000	1,618,000	+ 15.8
Tandy	+ 13.0	267,153	236,511	N/A	N/A	3,482,670	2,997,356	+ 16.2
Circuit City	+ 34.8	85,700	63,600	87	113	1,028,100	689,100	+ 49.1
Federated Group	+ 1.1	27,700	27,400	65	59	432,600	355,900	+ 21.6
Totals & Averages	+ 11.0	$7,258,111	$6,535,546	---	---	$124,724,909	$113,161,055	+ 10.2

*000 omitted N.C. no change N.A. not available [1]Store number for full-line outlets only [2]Domestic operations only [3]Continuing operations only [4]Excludes supermarket sales [5]Store number for K mart stores only

ADVERTISERS' INDEX

Cotter & Company V&S 51
Counselor Scale 40
Eastman Kodak 49
Fedders Air Conditioning 45
Fuji Film Corporation 59
Houseworld Expo 60
Imperial Knife 2
International Jensen 22
Joanna Western 30
Kartes Video Communications 42
Keystone Camera 6
Maxell Corporation of America 8
Midland International 25
Minolta Corporation 10
National Bed, Bath & Linen 53
National Housewares Manufacturing 26, 27
Sunkyong International 24

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